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28 January 1958

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Copy No. 137

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 23

NO CHANGE IN CLASS:

11 DECLASSIFIED

CLASS. CHANGED TO: TOS

NEXT REVIEW DATE: 2070

AUTH: 1480

DATE: 1-4-80

REVIEWER:

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DIA and DOS review(s) completed.

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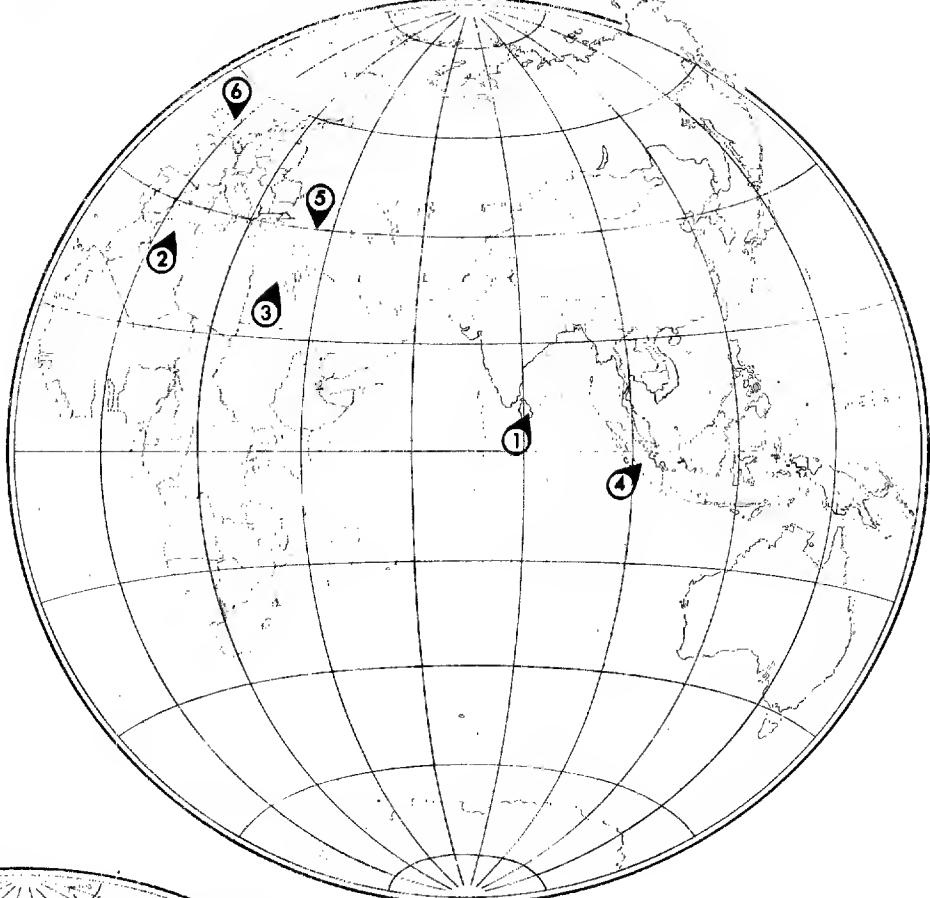
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28 JANUARY 1958

I. THE COMMUNIST BLOC

Soviet-Ceylonese assistance agreement to be signed this week. (1)

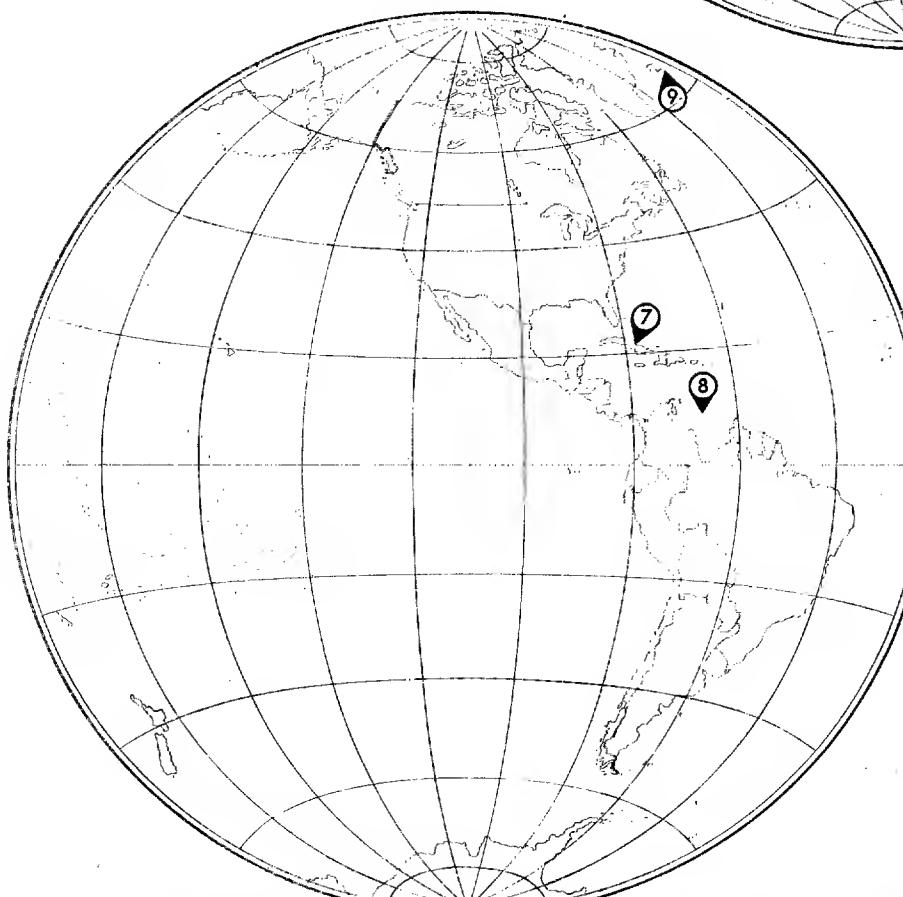

II. ASIA-AFRICA

Algerian rebel action expected in March. (2)

Nasir and Quwatli scheduled to proclaim Egyptian-Syrian union this week. (3)

Indonesia - Masjumi leaders cooperating with Sumatran dissidents. (4)

Turks suspect Arabs were responsible for Ankara bombings. (5)

**III. THE WEST**

Britain points to summit meeting after adequate diplomatic preparation. (6)

Cuba - Batista restores constitutional guarantees in preparation for June elections. (7)

Venezuelan military demands junta adopt firmer policy against left-wing elements. (8)

Iceland - Opposition Conservative party makes gains in local elections. (9)

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DAILY BRIEF

I. THE COMMUNIST BLOC

JK
Soviet loan to Ceylon: The USSR will provide Ceylon with economic and technical assistance worth about \$21,000,000 under long-term loans at 2.5-percent interest. The agreement has been under negotiation for more than a month and is expected to be signed this week.

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II. ASIA-AFRICA

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Algerian rebel activity: In contrast to their optimism of early January, French officials now profess to fear a major Algerian rebel military effort during March, including attempts to capture several towns. Although the FLN rebels can be expected to resume guerrilla operations on a large scale after the winter lull, the French may be exaggerating the size of the rebel effort to justify possible military action against FLN forces based in Tunisia.

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JK
Syrian-Egyptian union: Syria's President Quwatli is scheduled to join Nasir in Cairo this week to announce Syrian-Egyptian union from the rostrum of the Egyptian Parliament. Nasir insists that Syrian political parties be abolished in favor of a "national union," which would enable him to suppress Communists and any elements who might oppose the union. According to Nasir, Syria's Deputy Premier Azm, a leading promoter of closer Syrian-Soviet relations, will have no place in the new government.

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Indonesia: The continued movement of leaders of the Masjumi party to Sumatra may signify the party's intention to participate actively in the Sumatran dissident movement and to abandon efforts to influence the Indonesian Government's policies through normal political channels. These two groups are cooperating in drawing up a slate of officers to staff the proposed rival Indonesian government which the Sumatrans threaten to establish unless the Djuanda cabinet either resigns or makes substantial political and economic concessions.

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Ankara bombings: The Turkish National Security Service is concentrating its investigation of the 27 January bombings of a US Embassy warehouse and an Ankara bookstore in Arab and particularly Egyptian circles. The Egyptian military attaché, Zakaria el-Adli Iman, is the prime suspect. Interrogations and investigations are continuing, but there is as yet no concrete evidence linking anyone to the bombings.

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III. THE WEST

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Summit talks - British views: Foreign Secretary Lloyd has reiterated that the British Government is under strong pressure to agree to talks with the USSR. He considers a summit meeting, sometime this summer, to be unavoidable. The draft British reply to Bulganin's 9 January letter proposes that such a meeting be held, but only after careful diplomatic preparations.

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ok

Cuban political situation: The Cuban Government is expected to select its presidential candidate this week and its full restoration of civil rights in 5 of the 6 provinces was probably designed to provide the appearance of free campaigning for the June elections. Fidel Castro's revolutionary activity may now show an increase.

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OK

Venezuela: The Venezuelan military is bringing pressure to bear on the new governing junta's policies toward exiles, leftists, and Communists. Speeches by a top leftist party and a top Communist party leader soon after they arrived in Venezuela on 26 January tend to heighten military opposition to the junta's policy of full freedom of political activity and unrestricted return of exiles.

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OK

Iceland: The impressive victory of the opposition Conservative party in the Icelandic local elections of 26 January is likely to increase the attacks on the national governing coalition of Progressives, Social Democrats, and Labor Alliance (Communists). The Conservative gains were mainly at the expense of the Social Democrats. Although the percentage of the popular vote polled by the Communists in Reykjavik remained unchanged as compared to the 1954 municipal elections, the Communist vote dropped when compared to their 1956 parliamentary election poll.

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I. THE COMMUNIST BLOC

USSR Extending Economic Aid and Technical Assistance to Ceylon

The USSR will provide Ceylon with economic and technical assistance worth about \$21,000,000 under long-term loans at 2.5-percent interest under an agreement which probably will be signed this week. The USSR, which has made economic proposals to Ceylon since 1956, recently has intensified its efforts to assist Ceylon. In late December it offered to purchase Ceylon's entire surplus rubber output. It has also offered extensive aid for development of the rubber industry.

Other bloc economic efforts in Ceylon during the past year include a grant of \$15,000,000 from Communist China for the rehabilitation of the rubber industry and a \$3,000,-000 credit from Czechoslovakia for the construction of a sugar factory. While Ceylon wants Soviet help for its economic development program, it apparently hopes to continue to rely chiefly on Western assistance.

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II. ASIA-AFRICA

Algerian Rebels Reported Planning Spring Offensive

In contrast to their optimism of early January, French officials now profess to fear a major Algerian rebel military effort during March.

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Algerian rebels are preparing "massive uprisings" during which they will attempt to seize two or three Algerian towns and that, in anticipation of such an operation, rebel terrorists have been ordered to curtail their activities for the present.

The rebels are not believed capable at this time of capturing and holding any urban center of importance, but might succeed in sharply increasing the incidence of terrorism in urban areas where it has declined in recent months. Their military potential, especially armament, is generally conceded to be improving steadily and they may only be awaiting the arrival of better weather or additional supplies before expanding their activities. Should a spring offensive materialize, it might be centered primarily in eastern Algeria and, more specifically, near the Tunisian frontier. Relatively large and apparently increasing concentrations of rebels are reported enjoying safe haven at training and operational bases just across the border in Tunisia.

French officials in Algiers may be playing up the possibility of a major rebel offensive with a view to justifying a resumption of the "hot pursuit" of rebels into Tunisia and the neutralization of rebel bases there.

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III. THE WEST

British Views on Summit Talks

Foreign Secretary Lloyd has reiterated that the British Government is under strong pressure to agree to talks with the USSR. He considers a summit meeting, sometime this summer, to be unavoidable. The draft British reply to Bulganin's 9 January letter proposes that such a meeting be held, but only after careful diplomatic preparations.

The proposed reply is to be sent to Prime Minister Macmillan, who arrives in Australia on 28 January, for approval before being submitted to the North Atlantic Council for discussion.

The draft makes no mention of a nonaggression pact or any other subject for negotiation by the heads of government. In view of the Macmillan government's marked sensitivity to the pressures of British public opinion on international issues, London may be expected to formulate new proposals for "unfreezing" the stalemate in Europe. Before leaving on his Commonwealth trip, Macmillan set up a special study group on "disengagement in central Europe." [redacted]

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The Cuban Political Situation

Cuban President Fulgencio Batista's restoration of constitutional guarantees on 25 January provides an ostensibly free climate for the June general elections. Although civil rights were not fully restored in Oriente Province, headquarters of Fidel Castro's rebel movement, the right of assembly was granted in order to allow political rallies.

Both opposition and government parties are expected to designate presidential candidates at party conventions this week. The Autentico party, Cuba's oldest opposition party, has already named its leader, former President Dr. Ramon Grau San Martin. Although each of the four government parties has offered its own candidate, Batista will probably make the final choice. The opposition continues divided and probably will not unite behind one candidate, thus weakening its already poor chances for defeating the government candidate.

Revolutionary activity is expected to increase with the restoration of civil rights and the launching of political campaigns. Castro's rebels are planning to expand their operations into new areas, [redacted]

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[redacted] The rebels succeeded on 26 January in rescuing from a local jail two Castro aides, one of whom had been an important link between Castro and civic groups before his capture earlier this month. [redacted]

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Venezuelan Military Opposes Political Program of the New Regime

The Venezuelan governing junta is under increasing and seriously conflicting pressures from military and civilian elements on its policies toward exiles, leftists, and Communists. A group of officers which met on 26 January, apparently to protest the junta's announced policy of full freedom of political activity and of permitting all exiles to return, may provoke a violent struggle if Communist and leftist exiles are not excluded.

The military are believed to be generally hostile not only to the Venezuelan Communist party (PCV)--estimated at 9,000 members and, until recently, believed inactive--but also to the two leftist parties, the Democratic Republican Union (URD) and Democratic Action (AD). Provocative speeches by the URD and PCV leaders soon after their return to Venezuela will probably further arouse military suspicions toward the junta and civilian groups.

The Patriotic Front, a coalition of the four principal parties, including the PCV, has demanded the return of all exiles and legalization of all parties. Moreover, the leaders of the three non-Communist political parties recently agreed while in exile that the oil concessions granted by the Perez regime in 1956 and 1957 to US and British oil companies were illegal and should be revised by the next elected government. The companies have paid or agreed to pay about \$700,000,000 in initial exploration or exploitation taxes for these concessions.

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Conservative Party Makes Impressive Gains in
Icelandic Municipal Elections

The large Conservative party, which opposes the governing coalition of Progressives, Social Democrats, and Labor Alliance (Communist), was the only party to register significant gains in the Icelandic municipal elections of 26 January. In Reykjavik, the Conservatives increased their popular vote from about 50 percent in 1954 to over 57 percent and won ten of the 15 seats on the city council. The Social Democrats, on the other hand, appear to have suffered serious losses.

The Labor Alliance maintained its position in Reykjavik, winning approximately 20 percent of the popular vote, and retained its strongholds of Kopavogur, a suburb of Reykjavik, and Nordfjordur on the east coast. These returns are generally consistent with the Communists' showing in the elections of 18 and 19 January in Iceland's largest trade union, Dagsbrunn, where they retained control by almost as large a percentage as in 1954, the last year in which they were opposed. Although the percentage of popular vote polled by the Communists in Reykjavik remained unchanged compared with the previous municipal elections in 1954, it showed a drop from the percentage polled in the 1956 parliamentary elections.

Since the popularity of the national government was an issue in the election, the results will increase the attacks on and strains within the governing coalition. It is not likely to break up, however, since the three parties have a vested interest in participating in the government. [redacted]

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